

**ASSEMBLY BILL**

**No. 1957**

**Introduced by Assembly Members Frommer, Chu, Pavley, and  
Ridley-Thomas**

February 12, 2004

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An act to add Article 25 (commencing with Section 4430) to Chapter 9 of Division 2 of the Business and Professions Code, and to add Sections 14982 and 14983 to the Government Code, relating to prescription drugs, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1957, as introduced, Frommer. Prescription drugs.

Existing law establishes, within the Department of Consumer Affairs, the California State Board of Pharmacy, which has licensing, regulatory, and disciplinary functions relating to pharmacists, pharmacies, and prescription drugs and devices. Existing law requires the board to impose upon pharmacists and pharmacies fees to fund these functions. The fees are paid into the Pharmacy Board Contingent Fund which is continuously appropriated for the expenses of the board. Existing law provides for the registration and licensure of a nonresident pharmacy and establishes the fee for an out-of-state drug distributor's license and annual renewal issued pursuant to those provisions.

This bill would require the board to establish a Web site on or before July 1, 2005, to facilitate the safe purchase by California residents of prescription drugs at reduced prices. The bill would require the Web site to include price comparisons of prescription drugs, including prices charged by licensed pharmacies in the state and Canadian pharmacies that provide mail order service to the United States that meet certification requirements established under the bill.

Because the bill would result in increased expenditures from funds that are continuously appropriated to the board by requiring the board to establish a Web site and administer the certification of Canadian pharmacies under the bill, the bill would make an appropriation.

Existing law authorizes the Department of General Services to administer a coordinated prescription drug bulk purchasing program under which the department may enter into contracts on a bid or negotiated basis with manufacturers and suppliers of single-source or multisource drugs and obtain from them discounts, rebates, and refunds as permissible under federal law. Existing law requires certain state agencies to participate in the program and authorizes any other state, local, and public agency governmental entity to elect to participate in the program.

This bill would require the department to review state departments and agencies that purchase prescription drugs to determine which state programs may save significant state funds by purchasing from Canadian sources. The bill would require the department to report to the Legislature and recommend options to facilitate prescription drug importation. The bill would authorize the department to establish pilot programs under which purchases of prescription drugs from Canada would be made at reduced prices for purposes of state departments and agencies.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Article 25 (commencing with Section 4430) is  
2 added to Chapter 9 of Division 2 of the Business and Professions  
3 Code, to read:

4

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Article 25. Prescription Drugs

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7 4430. (a) The board shall establish a Web site on or before  
8 July 1, 2005, that will facilitate the safe purchase by California  
9 residents of prescription drugs at reduced prices.

10 (b) (1) The Web site shall include price comparisons of the 50  
11 most commonly prescribed brand name prescription drugs,  
12 including typical prices charged by licensed pharmacies in the



1 state and by certified Canadian pharmacies that provide mail order  
2 service to the United States.

3 (2) (A) The Web site shall establish electronic links to certified  
4 Canadian pharmacies.

5 (B) The Web site may establish electronic links to other  
6 appropriate Web sites to allow California residents to safely  
7 purchase prescription drugs at reduced prices, including links to  
8 Web sites of health plans and health insurers regarding their  
9 prescription drug formularies.

10 (c) For purposes of this section, “certified Canadian  
11 pharmacy” means a pharmacy that is located in Canada and meets  
12 all of the following requirements as determined by the board:

13 (1) Is licensed by the province in which it is located.

14 (2) Complies with all of the requirements of a nonresident  
15 pharmacy as specified in Section 4112.

16 (3) Meets the safety, access, and affordability standards  
17 established by the board for a certified Canadian pharmacy. These  
18 standards established by the board shall require, at a minimum,  
19 that only a Canadian pharmacy that complies with all of the  
20 following may be certified:

21 (A) Requires a prescription from a patient’s personal  
22 physician.

23 (B) Requires a patient medical history.

24 (C) Requires a signed patient agreement.

25 (D) Ships prescriptions in tamper proof original manufacturer  
26 containers to individuals in the United States.

27 (E) Includes a physical address and pharmacy license number  
28 on its company Web site.

29 SEC. 2. Section 14982 is added to the Government Code, to  
30 read:

31 14982. (a) The department shall coordinate a review of state  
32 departments and agencies that purchase prescription drugs to  
33 determine which state programs may save significant state funds  
34 by purchasing from Canadian sources. State departments to be  
35 reviewed shall include, but not be limited to, all of the following:

36 (1) The State Department of Health Services.

37 (2) The Managed Risk Medical Insurance Board.

38 (3) The Department of General Services.

39 (4) The California Public Employees’ Retirement System  
40 (CalPERS).

1 (b) The department shall report its findings based on the review  
2 required under subdivision (a) to the Legislature and shall  
3 recommend options to the Legislature, including conducting pilot  
4 programs, to facilitate prescription drug importation. The  
5 recommendations shall include a determination of the need to seek  
6 any federal approvals or waivers.

7 SEC. 3. Section 14983 is added to the Government Code, to  
8 read:

9 14983. (a) The department may establish pilot programs  
10 under which purchases of prescription drugs from Canada are  
11 made at reduced prices for purposes of state departments and  
12 agencies.

13 (b) As a condition of implementing any pilot program under  
14 this section, the department shall seek and obtain all appropriate  
15 federal waivers and approvals necessary for the implementation of  
16 that pilot program.

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18 CORRECTIONS

19 **Heading — Authors.**  
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